

**Senate File 2267 - Reprinted**

SENATE FILE 2267  
BY COMMITTEE ON EDUCATION

(SUCCESSOR TO SSB 3167)

(As Amended and Passed by the Senate March 5, 2012)

**A BILL FOR**

1 An Act concerning oversight of schools offering postsecondary  
2 educational programs by the college student aid commission  
3 and making penalties applicable.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

POSTSECONDARY REGISTRATION — REQUIREMENTS

Section 1. Section 261B.2, Code 2011, is amended to read as follows:

**261B.2 Definitions.**

As used in this chapter, unless the context otherwise requires:

1. "*Commission*" means the college student aid commission created pursuant to section 261.1.

2. "*Course of instruction*" means a postsecondary educational program that a school offers through in-person instruction, distance delivery, correspondence study methods, or any combination thereof.

~~2.~~ 3. "*Degree*" means a postsecondary credential conferring on the recipient the title of associate, bachelor, master, or doctor, or an equivalent title, signifying educational attainment based on ~~any one or a combination of study or the equivalent~~ which may be supplemented by experience or achievement testing. A postsecondary degree under this chapter shall not include an honorary degree or other unearned degree.

~~3.~~ 4. "*Presence*" means ~~maintaining an address within Iowa~~ a location in Iowa at which a student participates in any structured activity related to a school's distance education course of instruction, with the exception of proctored examinations. "*Presence*" also means an address, location, telephone number, or internet protocol address in Iowa from which a school conducts any aspect of its operations. For the purpose of a residential course of instruction offered on a school's campus that is not located in Iowa, "*presence*" does not include:

a. Occasional, short-term activities conducted at a location in Iowa for the purpose of recruiting students for the school's residential course of instruction.

b. A residency, practicum, internship, clinical, or similar experience that the school permits the student to

1 participate in at a location in Iowa, provided that a person  
2 who provides instruction or supervision at the Iowa location is  
3 not compensated by the school.

4 ~~4.~~ 5. "*School*" means an agency of the state or political  
5 subdivision of the state, individual, partnership, company,  
6 firm, society, trust, association, corporation, or any  
7 combination which meets any of the following criteria:

8 a. Is, owns, or operates a ~~nonprofit~~ postsecondary  
9 educational institution.

10 b. Provides a postsecondary ~~instructional program or course~~  
11 of instruction leading to a degree.

12 c. Uses in its name the term "*college*", "*academy*",  
13 "*institute*", or "*university*" or a similar term to imply that the  
14 person is primarily engaged in the education of students at the  
15 postsecondary level, and which makes a charge for its services.

16 ~~5.~~ 6. "*Student*" means a person who enrolls in or seeks to  
17 enroll in a course of instruction offered or conducted by a  
18 school.

19 Sec. 2. Section 261B.3, Code 2011, is amended to read as  
20 follows:

21 **261B.3 Registration.**

22 1. Except as provided in section 261B.11, a school ~~that~~  
23 ~~maintains or shall register with the commission if a person~~  
24 ~~compensated by the school conducts one or more courses any~~  
25 ~~portion of a course of instruction, including courses of~~  
26 ~~instruction by correspondence or other distance delivery~~  
27 ~~method, offered in this state or which if the school otherwise~~  
28 has a presence in this state ~~and offers courses in other states~~  
29 ~~or foreign countries shall register with the commission.~~

30 a. Registrations shall be renewed every ~~four~~ two years  
31 ~~or and shall be amended~~ upon any substantive change in  
32 location, program offering, or accreditation. A school makes  
33 a substantive change in a program offering when the school  
34 proposes to offer or modify a program that requires the  
35 approval of the state board of education or any other state

1 agency authorized to approve the school or its program in this  
2 state.

3 b. Registration shall be made on application forms approved  
4 and ~~supplied~~ made available by the commission and at the time  
5 and in the manner prescribed by the commission. ~~Upon receipt~~  
6 ~~of a complete and accurate registration application, the~~  
7 ~~commission shall issue an acknowledgment of document filed and~~  
8 ~~send it to the school.~~

9 2. The commission may ~~request~~ require a school to provide  
10 additional information ~~as the commission deems necessary~~  
11 ~~to enable the commission to determine the accuracy and~~  
12 ~~completeness of the information contained in the~~ evaluate a  
13 school's suitability for registration application.

14 3. The commission shall notify a school in writing of its  
15 decision to grant or deny registration and any stipulation  
16 associated with the school's registration.

17 4. If a school fails to meet any of the registration  
18 criteria, or if the commission believes that false, misleading,  
19 or incomplete information has been submitted in connection  
20 with an application for registration, the commission may  
21 deny registration. The commission shall conduct a hearing  
22 on the denial if a hearing is requested by a school. The  
23 ~~commission may withhold an acknowledgment of document filed~~  
24 ~~pending the outcome of the hearing. Upon a finding after the~~  
25 hearing that the school fails to meet any of the registration  
26 criteria, or that information contained in the registration  
27 application is false, misleading, or incomplete, the commission  
28 shall ~~deny an acknowledgment of document filed to the school~~  
29 registration. The commission shall make the final decision on  
30 each registration. However, the decision of the commission is  
31 subject to judicial review in accordance with section 17A.19.

32 ~~3.~~ 5. The commission shall adopt rules under chapter 17A  
33 for the implementation of this chapter.

34 Sec. 3. Section 261B.3A, Code 2011, is amended to read as  
35 follows:

1     **261B.3A Requirements.**

2     1. In order to register, a school shall be accredited  
3 by an agency or organization approved or recognized by the  
4 United States department of education or a successor agency,  
5 be approved by any other state agency authorized to approve  
6 the school in this state, and, subsequently, be approved for  
7 operation by the commission.

8     2. A practitioner preparation program, as defined in  
9 section 272.1, operated by a school that applies to register  
10 the program in accordance with this chapter shall, in order to  
11 register, be accredited by an agency or organization approved  
12 or recognized by the United States department of education or a  
13 successor agency, be approved by the state board of education  
14 pursuant to section 256.7, subsection 3, and, subsequently, be  
15 approved for operation by the commission.

16     3. The commission may grant a provisional registration to  
17 a school that is not accredited by an agency or organization  
18 that is recognized by the United States department of education  
19 or its successor agency. The commission shall determine  
20 the duration of the provisional registration. During the  
21 provisional registration period, the school shall, at six-month  
22 intervals, submit to the commission documentation of its  
23 progress toward achieving accreditation. The commission may  
24 renew the school's provisional registration at its discretion  
25 if the documentation submitted indicates that the school is  
26 making progress toward accreditation.

27     ~~3.~~ 4. Nothing in this chapter shall be construed to exempt  
28 a school from the requirements of chapter 490, ~~or~~ 491, or 714.

29     Sec. 4. Section 261B.4, Code 2011, is amended to read as  
30 follows:

31     **261B.4 Registration information.**

32     As a basis for registration, schools shall provide the  
33 commission with the following information:

34     1. The name or title of the school.

35     2. ~~The~~ As applicable, the principal location of the school

1 in this state, in other states, and in foreign countries, and  
2 the location of the place or places in this state, in other  
3 states, and in foreign countries where instruction is likely  
4 to be given.

5 3. A schedule of the total tuition charges, fees, and other  
6 costs payable to the school by a student during the course of  
7 instruction.

8 4. The refund policy of the school for the return of  
9 refundable portions of tuition, fees, or other charges.  
10 The tuition refund policy for Iowa resident students of a  
11 for-profit school with at least one program of more than  
12 four months in length that leads to a recognized educational  
13 credential, such as an academic or professional degree,  
14 diploma, or license, must comply with section 714.23.

15 ~~5. The degrees granted by the school.~~

16 ~~6.~~ 5. The names and addresses of the principal owners of  
17 the school or the officers and members of the legal governing  
18 body of the school.

19 ~~7.~~ 6. The name and address of the chief executive officer  
20 of the school.

21 ~~8.~~ 7. A copy of or a description of the means by which the  
22 school intends to comply with section 261B.9.

23 ~~9.~~ 8. The name of the accrediting agency recognized by the  
24 United States department of education or a successor agency  
25 which has accredited the school, and the status under which  
26 accreditation is held, the name of any other accrediting or  
27 licensing entity that has accredited or licensed the school or  
28 its programs, a copy of the accrediting or licensure notice  
29 issued by the entity, and a record of any sanctions the entity  
30 has levied against the school.

31 ~~10.~~ 9. The name, address, and telephone number of a contact  
32 person in this state. A school that applies for registration  
33 to offer a course of instruction by distance delivery may  
34 provide the name and address of its registered agent in Iowa.

35 ~~11.~~ 10. The names or titles and a description of the

1 courses and degrees to be offered in Iowa.

2 ~~12.~~ 11. A description of procedures for the preservation  
3 of student records and the contact information to be used  
4 by students and graduates who seek to obtain transcript  
5 information.

6 ~~13.~~ 12. The academic and instructional methodologies and  
7 delivery systems to be used by the school and the extent to  
8 which the school anticipates each methodology and delivery  
9 system will be used, including, but not limited to, classroom  
10 instruction, correspondence, ~~electronic telecommunications~~  
11 distance delivery, independent study, and portfolio experience  
12 evaluation.

13 13. The name, title, business address, telephone number,  
14 and resume of an Iowa resident compensated by the school to  
15 perform duties at a location in Iowa. A school that applies  
16 for registration to offer a course of instruction by distance  
17 delivery may provide an internet address as the business  
18 address for an Iowa resident it compensates to perform duties  
19 remotely from a location in Iowa.

20 14. The school's official Stafford loan cohort default rate  
21 as calculated by the United States department of education for  
22 the three most recent federal fiscal years, if applicable.

23 15. Average student loan debt upon graduation of students  
24 completing programs at the school.

25 16. The graduation rate of undergraduate students as  
26 reported to the United States department of education.

27 17. Evidence that the school meets the conditions of  
28 financial responsibility established in section 714.18, or that  
29 the school qualifies for an exemption under section 714.19 or  
30 714.22.

31 Sec. 5. Section 261B.7, Code 2011, is amended to read as  
32 follows:

33 **261B.7 Unauthorized representation.**

34 ~~Neither a~~ A school nor its or a school's officials or  
35 employees shall not advertise or represent that the school is

1 approved or accredited by the commission or the state of Iowa  
2 ~~nor shall it use the registration as a reference in promotional~~  
3 ~~materials.~~ However, a registered school shall disclose that  
4 the school is registered by the commission on behalf of the  
5 state of Iowa and provide the commission's contact information  
6 for students who wish to inquire about the school or file a  
7 complaint.

8 Sec. 6. Section 261B.9, subsection 5, Code 2011, is amended  
9 to read as follows:

10 5. Whether the postsecondary credential ~~or certificate~~  
11 issued, awarded, or credited to a student upon completion  
12 of the course or the fact of completion of the course is  
13 applicable toward a degree granted by the school and, if so,  
14 under what circumstances the application will be made.

15 Sec. 7. Section 261B.9, Code 2011, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 7. The disclosures required by the  
18 department of education for an out-of-state school that the  
19 board of education approves to offer a practitioner preparation  
20 program by distance delivery method.

21 Sec. 8. Section 261B.11, Code 2011, is amended to read as  
22 follows:

23 **261B.11 Exceptions.**

24 1. This chapter does not apply to the following types of  
25 schools and courses of instruction:

26 ~~1-~~ a. Schools and educational programs conducted by firms,  
27 corporations, or persons solely for the training of their own  
28 employees.

29 ~~2-~~ b. Apprentice or other training programs provided by  
30 labor unions solely to members or applicants for membership.

31 ~~3-~~ c. Courses of instruction of an avocational or  
32 recreational nature that do not lead to an occupational  
33 objective.

34 ~~4-~~ d. Seminars, refresher courses, and programs of  
35 instruction sponsored by professional, business, or farming



1 organizations or associations for the members and employees of  
2 members of these organizations or associations.

3 ~~5.~~ e. Courses of instruction conducted by a public school  
4 district or a combination of public school districts.

5 ~~6.~~ f. Colleges and universities authorized by the laws of  
6 this state to grant degrees.

7 ~~7.~~ g. Schools or courses of instruction or courses of  
8 training that are offered by a vendor solely to the purchaser  
9 or prospective purchaser of the vendor's product when the  
10 objective of the school or course is to enable the purchaser  
11 or the purchaser's employees to gain skills and knowledge to  
12 enable the purchaser to use the product.

13 ~~8.~~ h. Schools and educational programs conducted by  
14 religious organizations solely for the religious instruction of  
15 leadership practitioners of that religious organization.

16 ~~9.~~ i. Postsecondary educational institutions licensed by  
17 the state of Iowa ~~prior to July 1, 2009,~~ under section 157.8  
18 or 158.7 to conduct business operate as schools of cosmetology  
19 arts and sciences or as barber schools in the state.

20 ~~10.~~ j. ~~Accredited higher~~ Higher education institutions  
21 that meet the criteria established under section ~~261.92,~~ 261.9,  
22 subsection 1.

23 ~~11.~~ k. Postsecondary educational institutions offering  
24 programs limited to nondegree specialty vocational training  
25 programs.

26 ~~12. Not-for-profit colleges and universities established~~  
27 ~~and authorized by city ordinance to grant degrees.~~

28 l. Higher education institutions located in Iowa that are  
29 affiliated with health care systems located in Iowa, and which  
30 offer health professions programs that are accredited by an  
31 accrediting agency recognized by the United States department  
32 of education.

33 m. Higher education institutions located in Iowa whose  
34 massage therapy curriculum is approved under administrative  
35 rules of the professional licensure division of the department

1 of public health and whose instructors are licensed massage  
2 therapists under chapter 152C.

3 n. A postsecondary educational institution established  
4 in Bettendorf in 1969 to prepare students for the federal  
5 communications commission radio broadcasting examination.

6 2. A school that claims an exemption from registration  
7 under subsection 1, paragraph "h", "i", "k", "l", or "m", must  
8 demonstrate to the commission or its designee that it qualifies  
9 for the exemption. The school must apply for approval of its  
10 exemption claim on an application supplied by the commission.  
11 The commission or its designee may approve the school's  
12 exemption claim or deny it. A school whose exemption claim is  
13 approved must reapply to renew its exemption no less frequently  
14 than every two years.

15 a. A school that is granted an exemption under this section  
16 must file evidence of financial responsibility under section  
17 714.18 or demonstrate to the commission or its designee that  
18 the school qualifies for an exemption under section 714.19 or  
19 714.22.

20 b. A for-profit school with at least one program of  
21 more than four months in length that leads to a recognized  
22 educational credential, such as an academic or professional  
23 degree, diploma, or license, must submit to the commission or  
24 its designee a tuition refund policy that meets the conditions  
25 of section 714.23.

26 3. A school that is denied an exemption claim by the  
27 commission or its designee, or that no longer qualifies for  
28 a claimed exemption, shall apply for registration or cease  
29 operating in Iowa.

30 **Sec. 9. NEW SECTION. 261B.11A Ineligibility for state**  
31 **student aid programs.**

32 **1. Students attending schools required to register under**  
33 **this chapter are ineligible for state student financial aid**  
34 **programs established under chapter 261.**

35 **2. A school required to register under this chapter is**

1 prohibited from offering state aid or advertising that state  
2 aid is or may be available to students attending the school.

3 DIVISION II

4 POSTSECONDARY REGISTRATION — UNLAWFUL ACTIVITY

5 Sec. 10. Section 714.17, Code 2011, is amended to read as  
6 follows:

7 714.17 Unlawful advertising and selling of educational  
8 ~~courses of instruction~~.

9 It shall be unlawful for any person, firm, association,  
10 or corporation maintaining, advertising, or conducting in  
11 Iowa any educational ~~course of instruction~~ for profit, or  
12 for tuition charge, whether by classroom instructions, ~~or~~ by  
13 correspondence, or by other delivery method to:

14 1. Falsely advertise or represent to any person any matter  
15 material to ~~such an educational~~ course of instruction. All  
16 advertising of such ~~courses of instruction~~ shall adhere to and  
17 comply with the applicable rules and regulations of the federal  
18 trade commission ~~as of July 4, 1965~~.

19 2. Collect tuition or other charges in excess of one hundred  
20 fifty dollars in the case of educational courses offered by  
21 ~~correspondence courses of study~~, in advance of the receipt and  
22 approval by the pupil of the first assignment or lesson of such  
23 course. Any contract providing for advance payment of more  
24 than one hundred fifty dollars shall be voidable on the part of  
25 the pupil or any person liable for the tuition provided for in  
26 the contract.

27 3. Promise or guarantee employment utilizing information,  
28 training, or skill purported to be provided or otherwise  
29 enhanced by a an educational course, unless the promisor or  
30 guarantor offers the student or prospective student a bona  
31 fide contract of employment agreeing to employ said student  
32 or prospective student for a period of not less than one  
33 hundred twenty days in a business or other enterprise regularly  
34 conducted by the promisor or guarantor and in which such  
35 information, training, or skill is a normal condition of

1 employment.

2 Sec. 11. Section 714.18, subsection 1, Code 2011, is amended  
3 to read as follows:

4 1. Except as otherwise provided in subsection 2, every  
5 person, firm, association, or corporation maintaining or  
6 conducting in Iowa any ~~such~~ educational ~~course of instruction~~  
7 by classroom instruction or by correspondence or by other  
8 ~~distance~~ delivery method, or soliciting in Iowa the sale of  
9 such course, shall file with the college student aid commission  
10 all of the following:

11 a. A continuous corporate surety bond to the state of  
12 Iowa in the sum of fifty thousand dollars conditioned ~~for~~  
13 on the faithful performance of all contracts and agreements  
14 with students made by such person, firm, association, or  
15 corporation, or their salespersons; but the aggregate liability  
16 of the surety for all breaches of the conditions of the bond  
17 shall not exceed the sum of the bond. The surety on the bond  
18 may cancel the bond upon giving thirty days' written notice  
19 to the college student aid commission and thereafter shall be  
20 relieved of liability for any breach of condition occurring  
21 after the effective date of the cancellation.

22 b. A statement designating a resident agent for the purpose  
23 of receiving service in civil actions. In the absence of such  
24 designation, service may be had upon the secretary of state if  
25 service cannot otherwise be made in this state.

26 c. A copy of any catalog, prospectus, brochure, or other  
27 advertising material intended for distribution in Iowa.  
28 Such material shall state the cost of the educational course  
29 offered, the schedule of tuition refunds for portions of the  
30 educational course not completed, and if no refunds are to  
31 be paid, the material shall so state. Any contract induced  
32 by advertising materials not previously filed as provided in  
33 this chapter shall be voidable on the part of the pupil or any  
34 person liable for the tuition provided for in the contract.

35 Sec. 12. Section 714.18, subsection 2, paragraph a,

1 subparagraphs (1) and (4), Code 2011, are amended to read as  
2 follows:

3     (1) A continuous corporate surety bond to the state of  
4 Iowa in the sum of fifty thousand dollars or ten percent  
5 of the total annual tuition collected, whichever is less,  
6 conditioned ~~for~~ on the faithful performance of all contracts  
7 and agreements with students made by such school. A school  
8 desiring to file a surety bond based on a percentage of annual  
9 tuition shall provide to the college student aid commission, in  
10 the form prescribed by the commission, a notarized statement  
11 attesting to the total amount of tuition collected in the  
12 preceding twelve-month period. The commission shall determine  
13 the sufficiency of the statement and the amount of the bond.  
14 Tuition information submitted pursuant to this subparagraph  
15 shall be kept confidential.

16     (4) The college student aid commission may accept a letter  
17 of credit ~~from~~ issued by a bank in lieu of and for the amount of  
18 the corporate surety bond required by ~~this paragraph "a"~~  
19 subparagraphs (1) through (3), as applicable.

20     Sec. 13. Section 714.19, unnumbered paragraph 1, Code 2011,  
21 is amended to read as follows:

22     ~~None of the~~ The provisions of sections 714.17 to ~~714.22~~  
23 714.21 shall not apply to the following:

24     Sec. 14. Section 714.19, subsections 6 through 8, Code 2011,  
25 are amended to read as follows:

26     6. Schools and educational programs conducted by firms,  
27 corporations, or persons ~~for the training of their own~~  
28 ~~employees,~~ for which no fee is charged.

29     7. Seminars, refresher courses, and schools of instruction  
30 ~~sponsored~~ conducted by professional, business, or farming  
31 organizations or associations for the members and employees of  
32 members of such organizations or associations. A person who  
33 provides instruction under this subsection who is not a member  
34 or an employee of a member of the organization or association  
35 shall not be eligible for this exemption.

1     8. Private business schools accredited by ~~the accrediting~~  
2 ~~commission for business schools or an acknowledged~~ accrediting  
3 agency recognized by the United States department of education  
4 or the council for higher education accreditation.

5     Sec. 15. Section 714.19, Code 2011, is amended by adding the  
6 following new subsection:

7     NEW SUBSECTION. 10. Private, nonprofit schools that meet  
8 the criteria established under section 261.9, subsection 1.

9     Sec. 16. Section 714.23, Code 2011, is amended by adding the  
10 following new subsection:

11     NEW SUBSECTION. 01. *a.* For the purposes of this section  
12 and section 714.25, "*postsecondary educational program*" means  
13 a series of postsecondary educational courses that lead to  
14 a recognized educational credential such as an academic or  
15 professional degree, diploma, or license.

16     *b.* For the purposes of this section, "*school period*" means  
17 the course, term, payment period, postsecondary educational  
18 program, or other period for which the school assessed tuition  
19 charges to the student. A school that assesses tuition charges  
20 to the student at the beginning of each course, term, payment  
21 period, or other period that is shorter than the postsecondary  
22 educational program's length shall base its tuition refund on  
23 the amount of tuition costs the school charged for the course,  
24 term, or other period in which the student terminated. A  
25 school shall not base its tuition refund calculation on any  
26 portion of a postsecondary educational program that remains  
27 after a student terminates unless the student was charged  
28 for that remaining portion of the postsecondary educational  
29 program before the student's termination and the student began  
30 attendance in the school term or course.

31     Sec. 17. Section 714.23, subsections 1 through 5, Code 2011,  
32 are amended to read as follows:

33     1. A person offering ~~a course of instruction at the~~  
34 ~~postsecondary level~~ at least one postsecondary educational  
35 program, for profit, that is more than four months in

1 length and leads to a degree, diploma, or license recognized  
 2 educational credential, shall make a pro rata refund of ~~no less~~  
 3 ~~than ninety percent of the~~ tuition for a terminating student to  
 4 ~~the appropriate agency based upon~~ charges to an Iowa resident  
 5 student who terminates from any of the school's postsecondary  
 6 educational programs in an amount that is not less than  
 7 ninety percent of the amount of tuition charged to the student  
 8 multiplied by the ratio of completed number of scheduled school  
 9 days to the number of calendar days remaining in the school  
 10 period until the date equivalent to the completion of sixty  
 11 percent of the scheduled school calendar days of in the school  
 12 term or course period to the total number of calendar days in  
 13 the school period until the date equivalent to the completion  
 14 of sixty percent of the calendar days in the school period.

15 2. Notwithstanding the provisions of subsection 1, the  
 16 following tuition refund policy shall apply:

17 a. If a terminating student has completed sixty percent or  
 18 more of a school ~~term or course that is more than four months in~~  
 19 length period, the person offering the ~~course of instruction~~  
 20 postsecondary educational program is not required to refund  
 21 tuition for charges to the student. However, if, at any time,  
 22 a student terminates a ~~school term or course that is more than~~  
 23 four months in length postsecondary educational program due  
 24 to the student's physical incapacity or, for a program that  
 25 requires classroom instruction, due to the transfer of the  
 26 student's spouse's employment to another city, the terminating  
 27 student shall receive a refund of tuition charges in an amount  
 28 ~~which that~~ equals the amount of tuition charged to the student  
 29 multiplied by the ratio of the remaining number of school  
 30 calendar days in the school period to the total school number  
 31 of calendar days of in the school term or course period.

32 b. ~~A refund of ninety percent of the tuition for a~~  
 33 ~~terminating student shall be paid to the appropriate agency~~  
 34 ~~based upon the ratio of completed number of school days to~~  
 35 ~~the total school days of the school term or course.~~ A school

1 shall provide to a terminating student a refund of tuition  
 2 charges in an amount that is not less than ninety percent of  
 3 the amount of tuition charged to the student multiplied by the  
 4 ratio of the remaining number of calendar days in the school  
 5 period to the total number of calendar days in the school  
 6 period. This paragraph "b" applies to those persons offering  
 7 ~~courses of instruction at the postsecondary level at least one~~  
 8 postsecondary educational program of more than four months in  
 9 length, for profit, whose cohort default rate for students  
 10 under the Stafford loan program as defined reported by the  
 11 United States department of education for the most recent  
 12 federal fiscal year is more than one hundred ten percent of the  
 13 national average cohort default rate of all schools for that  
 14 ~~program for that period~~ the same federal fiscal year or six  
 15 percent, whichever is higher.

16 3. ~~If the financial obligations of a student are for three~~  
 17 ~~or fewer months duration, this section does not apply.~~ In the  
 18 case of a program in which student progress is measured only in  
 19 clock hours, all occurrences of "calendar days" in subsections  
 20 1 and 2 shall be replaced with "scheduled clock hours".

21 4. ~~Refunds~~ A refund of tuition charges shall be paid  
 22 provided to the appropriate agency student within thirty  
 23 forty-five days following the student's termination date of the  
 24 school's determination that a student has terminated from a  
 25 postsecondary educational program.

26 5. A student who terminates a ~~course of instruction or~~  
 27 ~~term~~ postsecondary educational program shall not be charged  
 28 any fee or other monetary penalty for terminating a ~~course of~~  
 29 ~~instruction or term~~ the postsecondary educational program,  
 30 other than a reduction in tuition refund as specified in this  
 31 section.

32 Sec. 18. NEW SECTION. 714.24 Additional requirements.

33 1. A required filing of evidence of financial  
 34 responsibility pursuant to section 714.18 must be completed at  
 35 least once every two years.



1     2. An entity that claims an exemption under section 714.19  
2 or 714.22 must file an exemption claim with the commission.  
3 The commission may approve or deny the exemption claim. Except  
4 for a school that claims an exemption under section 714.19,  
5 subsection 1, 3, or 10, a filing of a claim for an exemption  
6 pursuant to section 714.19 or 714.22 must be completed at least  
7 once every two years.

8     3. An entity that claims an exemption under section 714.19  
9 or 714.22 must file evidence of financial responsibility  
10 pursuant to section 714.18 within sixty calendar days following  
11 the date upon which conditions that qualify the entity for an  
12 exemption under section 714.19 no longer exist. The commission  
13 may grant an entity a longer period to file evidence of  
14 financial responsibility based on documentation the entity  
15 provides to the commission of its substantial progress to  
16 comply with section 714.18, subsection 1, paragraph "a".

17     4. An entity that is required to file evidence of financial  
18 responsibility under section 714.18, or an entity that files  
19 a claim of exemption under section 714.19 or 714.22, shall  
20 utilize required forms approved and supplied by the commission.

21     5. The commission may, at its discretion, require a  
22 proprietary school that must comply with section 714.23 to  
23 submit its tuition refund policy to the commission for its  
24 review and approval.

25     6. The commission and the attorney general may,  
26 individually or jointly, adopt rules pursuant to chapter 17A  
27 for the implementation of sections 714.18 through 714.25.

28     7. Except as provided in section 714.18, subsection 2,  
29 paragraph "a", the information submitted under sections 714.18,  
30 714.22, 714.23, and 714.25 are public records under chapter 22.

31     Sec. 19. Section 714.25, Code 2011, is amended to read as  
32 follows:

33     **714.25 Disclosure.**

34     1. For purposes of this ~~chapter section~~, ~~unless the~~  
35 ~~context otherwise requires~~, "proprietary school" means a person

1 ~~offering a course of instruction at the postsecondary level~~  
2 postsecondary educational program, for profit, that is more  
3 than four months in length and leads to a ~~degree, diploma, or~~  
4 license recognized educational credential, such as an academic  
5 or professional degree, diploma, or license.

6 2. A proprietary school shall, prior to the time a student  
7 is obligated for payment of any moneys, inform the student, the  
8 college student aid commission, and in the case of a school  
9 licensed under section 157.8, the board of cosmetology arts  
10 and sciences or in the case of a school licensed under section  
11 158.7, the board of barbering, of all of the following:

12 a. The total cost of the ~~course of instruction~~ postsecondary  
13 educational program as charged by the proprietary school.

14 b. An estimate of any fees which may be charged the  
15 student by others which would be required if the student is  
16 to successfully complete the ~~course~~ postsecondary educational  
17 program and, ~~if applicable,~~ obtain a ~~degree, diploma, or~~  
18 license recognized educational credential.

19 c. The percentage of students who successfully complete  
20 the ~~course~~ postsecondary educational program, the percentage  
21 who terminate prior to completing the ~~course~~ postsecondary  
22 educational program, and the period of time upon which the  
23 proprietary school has based these percentages. The reporting  
24 period shall not be less than one year in length and shall not  
25 extend more than five years into the past.

26 d. If claims are made by the proprietary school as to  
27 successful placement of students in jobs upon completion of the  
28 ~~course of study~~ proprietary school's postsecondary educational  
29 programs, the proprietary school shall provide the student with  
30 all of the following:

31 (1) The percentage of graduating students who were placed  
32 in jobs in fields related to the ~~course of instruction~~  
33 postsecondary educational programs.

34 (2) The percentage of graduating students who went on to  
35 further education immediately upon graduation.

1     (3) The percentage of students who, ninety days after  
2 graduation, were without a job and had not gone on to further  
3 education.

4     (4) The period of time upon which the reports required by  
5 paragraphs "a" through "c" were based. The reporting period  
6 shall not be less than one year in length and shall not extend  
7 more than five years into the past.

8     e. If claims are made by the proprietary school as to income  
9 levels of students who have graduated and are working in fields  
10 related to the proprietary school's ~~course of instruction~~  
11 postsecondary educational programs, the proprietary school  
12 shall inform the student of the method used to derive such  
13 information.

14     3. The requirements of subsection 2 shall not apply to  
15 a proprietary school that is eligible for federal student  
16 financial aid under Tit. IV of the federal Higher Education Act  
17 of 1965, as amended.

18     Sec. 20. REPEAL. Section 714.22, Code 2011, is repealed.